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## Rural Development

### Rural Business-Cooperative Service

## Business Programs

*The mission of the Rural Business-Cooperative Service (RBS) of USDA Rural Development is to enhance the quality of life for all rural Americans by providing leadership in building competitive businesses and cooperatives that can prosper in the global marketplace. To meet business credit needs in under-served areas, RBS Business Programs are usually leveraged with the resources of commercial, cooperative, or other private-sector lenders. Business Programs of RBS are listed below:*

### Commercial Lending

#### Business and Industry Guarantee Loans

The Business and Industry (B&I) Guarantee Loan Program helps create jobs and stimulates rural economies by providing financial backing for rural businesses. This program guarantees up to 80 percent of a loan made by a commercial lender. Loan proceeds may be used for working capital, machinery and equipment, buildings and real estate, and certain types of debt refinancing. The primary purpose is to create and maintain employment and improve the economic climate in rural communities. This is achieved by expanding the lending capability of private lenders in rural areas, helping them make and service quality loans that provide lasting community benefits. This program represents a true private-public partnership.

B&I loan guarantees can be extended to loans made by commercial or other authorized lenders in rural areas (this includes all areas other than cities of more than 50,000 people and their immediately adjacent urban or urbanizing

areas). Generally, authorized lenders include Federal or State chartered banks, credit unions, insurance companies, savings and loan associations, Farm Credit Banks or other Farm Credit System institutions with direct lending authority, a mortgage company that is part of a bank holding company, and the National Rural Utilities Finance Corporation. Other loan sources include eligible Rural Utilities Service electric and telecommunications borrowers and other lenders approved by RBS who have met the designated criteria.

Assistance under the B&I Guaranteed Loan Program is available to virtually any legally organized entity, including a cooperative, corporation, partnership, trust or other profit or nonprofit entity, Indian tribe or federally recognized tribal group, municipality, county, or other political subdivision of a State. Applicants need not have been denied credit elsewhere to apply for this program.

The maximum aggregate B&I Guaranteed Loan(s) amount that can be offered to any one borrower under this program is \$25 million.

#### Business and Industry Direct Loans

The Business and Industry (B&I) Direct Loan Program provides loans to public entities and private parties who cannot obtain credit from other sources. Loans to private parties can be made for improving, developing, or financing business and industry, creating jobs, and improving the economic and environmental climate in rural communities (including pollution abatement). This type of assistance is available in rural areas (this includes all areas other than cities of more than 50,000 people and their immediately adjacent urban or urbanizing areas).

Eligible applicants include any legally organized entity, including cooperatives, corporations, partnerships, trusts or other profit or nonprofit entities, Indian tribes or federally recognized tribal groups, municipalities, counties, any other political subdivision of a State, or individuals. Loans are available to those who cannot obtain credit elsewhere and for public bodies.

The maximum aggregate B&I Direct Loan amount to any one borrower is \$10 million.

### Revolving Loan Funds And Technical Assistance

#### Intermediary Relending Program Loans

Intermediary Relending Program loans finance business facilities and community development projects in rural areas, including cities with a population of less than 25,000. RBS lends these funds to intermediaries, which, in turn, provide loans to recipients who are developing business facilities or community development projects. Eligible intermediaries include public bodies, nonprofit corporations, Indian tribes, and cooperatives.



### **Rural Venture Capital Demonstration Program**

The Rural Venture Capital Demonstration Program designates up to 10 community development venture capital organizations to demonstrate the usefulness of guarantees to attract increased investment in private business enterprises in rural areas. Such organizations shall establish a rural business private investment pool to make equity investments in rural private business enterprises. This program is available in rural areas (this includes all areas other than cities of more than 50,000 people and their immediately adjacent urban or urbanizing areas).

### **Rural Business Enterprise Grants**

Rural Business Enterprise Grants help public bodies, nonprofit corporations, and Federally recognized Indian tribal groups finance and facilitate development of small and emerging private business enterprises located in rural areas (this includes all areas other than cities of more than 50,000 people and their immediately adjacent urban or urbanizing areas). Grant funds can pay for the acquisition and development of land and the construction of buildings, plants, equipment, access streets and roads, parking areas, utility and service extensions, refinancing, and fees for professional services. Grant funds can also pay for technical assistance and related training, startup costs and working capital, financial assistance to a third party, production of television programs targeted for rural residents, and for rural distance learning networks.

### **Rural Business Opportunity Grants**

Rural Business Opportunity Grant funds provide for technical assistance, training, and planning activities that improve economic conditions in rural areas. Applicants must be located in rural areas (this includes all areas other than cities of more than 50,000 people and their immediately adjacent urban or urbanizing areas). Nonprofit corporations and public bodies are eligible. A maximum of \$1.5 million per grant is authorized by the legislation. RBS is designing the program to promote sustainable economic development in rural communities with exceptional needs.

### **Rural Economic Development Loans and Grants**

This program finances economic development and job creation projects in rural areas based on sound economic plans. Rural Economic Development Loans and Grants are available to any Rural Utilities Service electric or telecommunications borrower to assist in developing rural areas from an economic standpoint, to create new job opportunities, and to help retain existing employment. Loans at zero-interest are made primarily to finance business startup ventures and business expansion projects. Grants are made to these telephone and electric utilities to establish revolving loan programs operated at the local level by the utility. The revolving loan program facilitates rural development by providing needed capital (a) to nonprofit entities and municipal organizations to finance community facilities which promote job creation in rural areas, (b) for facilities which extend or improve medical care to rural

residents, and (c) for facilities which promote education and training to enhance marketable job skills for rural residents. Projects should substantially benefit areas having a population of less than 2,500 residents.

### **Applications:**

Detailed information and applications for financial assistance are available through State and local offices of USDA Rural Development. Some of the authorized programs described above require the implementation of regulations before they are available for funding projects. Consult your USDA Rural Development State Office for information on fund availability.

For more information on RBS Business Programs, you may also call the RBS National Office at (202) 720-0813, or connect to the RBS website: <http://www.rurdev.usda.gov>.

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